

NEW ORLEANS JOBS INITIATIVE, INC.  
FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED MARCH 31, 2002

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**TOGETHER WITH**  
**INDEPENDENT AUDITORS' REPORT**  
**FOR THE YEAR ENDED MARCH 31, 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9/25/02

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Michael B. Bruno, CPA  
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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
**New Orleans Jobs Initiative, Inc.**

We have audited the accompanying statement of financial position of **New Orleans Jobs Initiative, Inc. (NOJI)** as of March 31, 2002, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **NOJI's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **New Orleans Jobs Initiative, Inc.** as of March 31, 2002, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors  
New Orleans Jobs Initiative, Inc.  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated July 12, 2002 on our consideration of NOJI's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit. Also, that report identified an instance of non-compliance and a reportable condition involving internal control over financial reporting.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of NOJI taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The accompanying schedule of functional expenses is also presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

July 12, 2002

*Bruno & Tervalon LLP*  
Certified Public Accountants

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**MARCH 31, 2002**

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**ASSETS**

Cash	\$144,652
Grants receivable	28,333
Other assets	3,200
Equipment, net of accumulated depreciation of \$22,254 (NOTE 2)	<u>13,345</u>
Total assets	<u>\$189,530</u>

**LIABILITIES AND NET DEFICITS**

Liabilities:	
Accounts payable and accrued liabilities	\$ 131,839
Notes payable (NOTES 4 AND 7)	104,055
Deferred revenue	<u>75,000</u>
Total liabilities	<u>310,894</u>
Net deficits:	
Unrestricted net deficits	<u>(121,364)</u>
Total net deficits	<u>(121,364)</u>
Total liabilities and net deficits	<u>\$ 189,530</u>

The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**REVENUES**

Contributions and grants (NOTE 5)	\$1,165,318
Other income	<u>85,885</u>
Total revenues	<u>1,251,203</u>

**EXPENSES**

Program Services:

Employment and training	<u>1,063,625</u>
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Total program services	<u>1,063,625</u>
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Management and General:

General and administrative	199,344
Fundraising	<u>79,807</u>

Total management and general	<u>279,151</u>
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Total expenses	<u>1,342,776</u>
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Change in net deficits	(91,573)
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Net deficits, beginning of year	<u>(29,791)</u>
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Net deficits, end of year	<u>\$ (121,364)</u>
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The accompanying notes are an integral part of these financial statements.



**NEW ORLEANS JOBS INITIATIVE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Cash Flows from Operating Activities:**

Change in net deficits	\$ (91,573)
Adjustments to reconcile change in net deficits to net cash provided by operating activities:	
Depreciation	6,287
Changes in operating assets and liabilities:	
Increase in grants receivable	(25,637)
Increase in accounts payable and accrued liabilities	106,876
Increase in deferred revenue	<u>75,000</u>
Net cash provided by operating activities	<u>70,953</u>

**Cash Flows from Investing Activities:**

Equipment purchases	<u>(4,990)</u>
Net cash used in investing activities	<u>(4,990)</u>

**Cash Flows from Financing Activities:**

Proceeds from notes payable	129,055
Payments on notes payable	<u>(100,000)</u>
Net cash provided by financing activities	<u>29,055</u>

Net increase in cash	95,018
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Cash at beginning of year	<u>49,634</u>
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Cash at end of year	<u>\$ 144,652</u>
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**Supplemental Cash Flow Information:**

Cash paid for interest	<u>\$ 5,095</u>
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The accompanying notes are an integral part of these financial statements.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Organization:**

The New Orleans Job Initiative, Inc. (NOJI) was organized on June 24, 1997 as a not-for-profit organization to prepare persons with low incomes for careers that sustain families; to assist in building a skilled work force that business needs to grow the local economy; and to improve the policies and practices of our education, training and employment systems to better serve low income families and the region's businesses.

**NOTE 2 - Summary of Significant Accounting Policies:**

**Principles of Accounting**

**NOJI** is a not-for-profit corporation whose financial statements are prepared on the accrual basis and in accordance with accounting principles generally accepted in the United States of America. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and during the reporting period. Actual results could differ from those estimates.

**Basis of Reporting**

In accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 117 which establishes standards for external financial reporting by not-for-profit organizations, **NOJI** classifies resources for accounting and reporting purposes into three net asset categories which are unrestricted, temporarily restricted and permanently restricted net assets according to externally (donor) imposed restrictions.



**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

A description of the three net asset categories is as follows:

- Unrestricted net assets include contributions not subject to donor-imposed stipulations. The revenues received and expenses incurred in conducting the mission of **NOJI** are included in this category. **NOJI** has determined that any donor-imposed restrictions for current or developing programs and activities are generally met within the operating cycle of **NOJI** and, therefore, **NOJI**'s policy is to record these net assets as unrestricted.
- Temporarily restricted net assets include contributions for which donor imposed restrictions have not been met.
- Permanently restricted net assets are contributions stipulated by the donor-imposed restriction to be invested in perpetuity and only the income be made available for program operations in accordance with the donor restrictions. Such income is reflected in temporarily restricted net assets until utilized for donor imposed restrictions.

At March 31, 2002, **NOJI** did not have any temporarily restricted or permanently restricted net assets.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**Equipment**

Equipment of **NOJI** is recorded as an asset and is stated at historical costs, if purchased, or at fair market value at the date of the gift, if donated. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized.

Depreciation is provided using the straight-line method over the estimated useful life of five (5) years:

Such assets and related accumulated depreciation consist of the following:

Equipment	\$ 35,599
Accumulated depreciation	<u>(22,254)</u>
Equipment, net	<u>\$ 13,345</u>

**Donated Services**

**NOJI** receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the statement of activities as the fair value of those services has not been determined.

**Contributions and Grants**

Revenues received under grant programs are recognized when earned. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 - Summary of Significant Accounting Policies, Continued:**

**Income Taxes**

**NOJI** is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

**Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities.

**Cash Equivalents**

For purposes of the statement of cash flows, **NOJI** considers all investments purchased with a maturity of three months or less to be cash equivalents. **NOJI** had no cash equivalents at March 31, 2002.

**NOTE 3 - Contingency:**

**NOJI** is a recipient of various grants. These grants are subject to the contractual requirements as set-forth in the grant agreements between **NOJI** and the applicable funding sources. The administration of these grants is under the control of the **New Orleans Jobs Initiative, Inc.** and is subject to audit and/or review by the applicable funding sources.

NEW ORLEANS JOBS INITIATIVE, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 4 - Notes Payables:

Notes payable at March 31, 2002 consist of the following:

Note payable to a bank with an interest rate of 11.00% payable on demand maturing on May 23, 2002 (see NOTE 7)	\$ 50,000
Note payable to a foundation, non-interest bearing payable on demand with no stated maturity (see NOTE 7)	25,000
Note payable to a company, non-interest bearing, payable on demand with no stated maturity (see NOTE 7)	<u>29,055</u>
Total	<u>\$104,055</u>

NOTE 5 - Contributions and Grants:

**NOJI** received contributions and grants from the following organizations during the year ended March 31, 2002:

Contributions

Greater New Orleans Foundation	\$ 25,000
Fenner French Foundation	2,000
Booth - Bricker Fund	10,000
Reily Foundation	<u>25,000</u>
Total contributions	\$ <u>62,000</u>

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 5 - Contributions and Grants, Continued:**

Grants

Annie E. Casey Foundation	\$ 705,000
Tulane/Xavier - Welfare to Work	155,890
City of New Orleans - Community Development Block Grant	50,000
City of New Orleans - Welfare to Work	138,928
Goodwill Industries at S.E. LA Workforce Investment Act	<u>53,500</u>
Total grants	<u>1,103,318</u>
Total contributions and grants	<u>\$1,165,318</u>

**NOTE 6 - Fair Value of Financial Instruments:**

The estimated fair value of all significant financial statement amounts have been determined by **NOJI** using available market information and appropriate valuation methodologies.

**NOJI** considers the carrying amounts of the cash and notes payable to be fair value.

**NOTE 7 - Related Parties:**

**NOJI** has professional service contracts with various entities whose officers or board members also serve as officers or board members of **NOJI**. Transactions with these other entities were approximately \$151,000 during the year ended March 31, 2002. The applicable officers or board members are in a position to, and in the future may, influence the volume of activity by **NOJI** for the benefit of the other entities over which they serve as an officer or board member. These transactions are summarized as follows:

Delgado Community College (participant tuition)	\$ 45,000
Liberty Bank and Trust (interest and fees)	4,000
Uhuru, Inc. (participant support services)	<u>102,000</u>
	<u>\$151,000</u>

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 7 - Related Parties, Continued:**

Additionally, at March 31, 2002 notes payable consist of \$104,055 of notes payable due to entities whose officers or board members also serve as officers or board members of **NOJI**.



## **SUPPLEMENTARY INFORMATION**

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Agency Number</u>	<u>Expenditures</u>
U.S. Department of Labor passed through the Tulane - Xavier National Center for the Urban Community- Welfare-to-Work	17.253	N/A	\$155,890
U.S. Department of Labor passed through the City of New Orleans- Welfare-to-Work	17.253	01-MYR-001	138,928
U.S. Department of Labor passed through Goodwill Industries of S.E. LA - Workforce Investment Act	17.258	N/A	<u>53,500</u>
			<u>348,318</u>
U.S. Department of Housing and Urban Development passed through the City of New Orleans - Community Development Block Grant	14.218	N/A	<u>50,000</u>
			<u>50,000</u>
Total expenditures of Federal Awards			<u>\$398,318</u>

The above schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

See Independent Auditors' Report on Supplementary Information.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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	<u>Employment and Training</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 380,579	\$ 42,762	\$ 4,276	\$ 427,617
Payroll taxes and fringes	92,434	30,545	1,039	124,018
Professional services	307,279	107,304	73,162	487,745
Printing and publications	27,303	-0-	-0-	27,303
Participant assistance	125,940	-0-	-0-	125,940
Meetings, food and beverages	12,592	128	128	12,848
Travel and conferences	5,683	5,682	-0-	11,365
Supplies	29,747	613	307	30,667
Postage and courier service	3,299	251	36	3,586
Occupancy	54,545	3,518	587	58,650
Telephone	13,990	1,572	157	15,719
Depreciation	5,595	629	63	6,287
Repairs and maintenance	4,639	521	52	5,212
Interest	-0-	5,095	-0-	5,095
Other	<u>-0-</u>	<u>724</u>	<u>-0-</u>	<u>724</u>
Total expenses	<u>\$1,063,625</u>	<u>\$199,344</u>	<u>\$79,807</u>	<u>\$1,342,776</u>

See Independent Auditors' Report on Supplementary Information.



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
**New Orleans Jobs Initiative, Inc.**

We have audited the financial statements of **New Orleans Jobs Initiative, Inc. (NOJI)** as of and for the year ended March 31, 2002, and have issued our report thereon dated July 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether **NOJI's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards and is described in the accompanying schedule of findings and questioned costs as item 02-01. We also noted certain immaterial instances of noncompliance, which we have reported to management of **NOJI** in a separate letter dated July 12, 2002.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered NOJI's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect NOJI's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-01.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting, which we have reported to the management of NOJI in a separate letter dated July 12, 2002.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

July 12, 2002





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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
New Orleans Jobs Initiative, Inc.

**Compliance**

We have audited the compliance of **New Orleans Jobs Initiative, Inc. (NOJI)** with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended March 31, 2002. **NOJI's** major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of **NOJI's** management. Our responsibility is to express an opinion on **NOJI's** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **NOJI's** compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **NOJI's** compliance with those requirements.

In our opinion, **NOJI** complied, in all material respects, with the requirements, referred to above that are applicable to its major federal program for the year ended March 31, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 02-02 and 02-03.

**Internal Control Over Compliance**

The management of **NOJI's** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **NOJI's** internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133  
(CONTINUED)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect **NOJI's** ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 02-02 and 02-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended for the information of the Board of Directors, management, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and pass-through entities and is not intended to be and should be used by anyone other than these specified parties.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

July 12, 2002

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditor's report issued:

**Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weaknesses?

☐ Yes     ☒ No

☒ Yes     ☐ None Reported

Noncompliance material to financial statements noted?

☒ Yes     ☐ No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?
- Reportable condition(s) identified that are not considered to be material weaknesses?

☐ Yes     ☒ No

☒ Yes     ☐ None Reported

Type of auditor's report issued on compliance for major programs:

**Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☒ Yes     ☐ No

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section I - Summary of Auditors' Results, Continued**

Identification of major programs

CFDA Number

Name of Federal Program

17.253

Welfare-to-Work

Dollar threshold use of distinguish between  
type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

   Yes      X   No



**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section II - Financial Statement Findings**

**02-01 COST ALLOCATION**

**Criteria or specific requirement**

Payroll charges are to be supported by personnel activity reports; i.e. time and attendance records and salary distribution reports for nonprofit organizations.

**Condition**

During the course of our audit, we noted the personnel cost (salaries and wages, payroll taxes and benefits) are charged to the various programs and grants administered by **NOJI**. However, we were unable to review documentation to support the percentage and the specific dollar amount of personnel cost charged to each of applicable programs and grants.

**Questioned costs**

None

**Context**

Personnel cost are approximately \$552,000 or 41% of total expenses for the year ended March 31, 2002.

**Effect**

Unsupportable cost allocation percentages.



**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section II - Financial Statement Findings, Continued**

**02-01 COST ALLOCATION, CONTINUED**

**Cause**

Lack of an effective internal control policy for quantifying and reporting personnel costs by program and grant.

**Recommendation**

We recommend that personnel cost charged to each program and grant administered by **NOJI** be supported by time and attendance records and salary distribution reports.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section III - Federal Award Finding and Questioned Costs**

**02-02 PERSONNEL COSTS**

**Information on the federal program**

CFDA Number and Title: 17.253 - Welfare-to-Work

Federal Agency: U.S. Department of Labor

Pass-through Entity: Tulane-Xavier National Center for the Urban Community

**Criteria or specific requirement**

Payroll charges are to be supported by personnel activity reports; i.e. time and attendance records and salary distribution reports for nonprofit organizations.

**Condition**

During the course of our audit, we were unable to review documentation to support the percentage of total personnel cost (salaries and wages, payroll taxes and benefits) charged to the Welfare-to-Work grant administered by NOJI.

**Questioned costs**

None

**Context**

Personnel cost charged to the Welfare-to-Work grant were approximately \$112,000 or 20% of total personnel cost for the year ended March 31, 2002.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section II - Federal Award Finding and Questioned Costs, Continued**

**02-02 PERSONNEL COSTS, CONTINUED**

**Effect**

Unsupportable personnel cost allocation percentages.

**Cause**

Lack of an effective internal control policy for quantifying time and reporting personnel cost by program and grant.

**Recommendation**

We recommend that personnel cost charged to each program and grant administered by **NOJI** be supported by time and attendance records and salary distribution reports.

NEW ORLEANS JOBS INITIATIVE, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED MARCH 31, 2002

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**Section III - Federal Award Finding and Questioned Costs, Continued**

**02-03 PARTICIPANT RECORDS**

**Information on the federal program**

CFDA Number and Title: 17.253 - Welfare-to-Work

Federal Agency: U.S. Department of Labor

Pass-through Entity: City of New Orleans

**Criteria or specific requirement**

Pursuant to the contractual agreement between the City of New Orleans and **NOJI**, **NOJI** was required to "Maintain individual participant records documenting their attendance and progress while in training".

**Condition**

During the course of our audit, we noted that the participant records for one (1) of the fifteen (15) Welfare-to-Work participants was unavailable for review. Our discussion with **NOJI** personnel also indicated that the applicable participant did not attend any of the job readiness sessions.

**Questioned costs**

None

**Context**

**NOJI** billed the CNO for conducting job readiness training for sixty-six (66) participants at \$1,250 per participant.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED MARCH 31, 2002**

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**Section III - Federal Award Finding and Questioned Costs, Continued**

**02-03 PARTICIPANT RECORDS, CONTINUED**

**Effect**

Unsupported amounts billed to CNO.

**Cause**

Could not be determined.

**Recommendation**

We recommend that all participant records documenting their attendance and progress be maintained.

**NEW ORLEANS JOBS INITIATIVE, INC.**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

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**Section I - Financial Statement Findings**

	<u>Resolved</u>	<u>Unresolved</u>	<u>In-Progress</u>
01-01 Annie E. Casey Grant			X

**Section II - Federal Award Findings and Questioned Costs**

No matters reported.

**Section III - Management Letter Comments**

See separate letter to management dated July 12, 2002.



**NEW ORLEANS JOBS INITIATIVE, INC.**

**EXIT CONFERENCE**

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The audit report was discussed. This report is intended solely for the use of the Board of Directors, management, the Legislative Auditor of the State of Louisiana and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

**NEW ORLEANS JOBS INITIATIVE, INC.**

Ms. Barbara Waller	--	Chairman - Board of Directors
Mr. Gregory Johnson	--	Treasurer - Board of Directors
Mr. Lee Crean	--	Chief Executive Officer
Mr. Charlie LaCoste, CPA	--	Controller

**BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS**

Mr. Michael B. Bruno, CPA	--	Managing Partner
Mr. Armand E. Pinkney	--	Manager

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

July 12, 2002



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Morel, Jr., CPA

## **INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**

To the Board of Directors of  
**New Orleans Jobs Initiative, Inc.**

In planning and performing our audit of the financial statements of **New Orleans Jobs Initiative, Inc. (NOJI)** for the year ended March 31, 2002, we considered **NOJI's** internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of the following matters that are opportunities for strengthening internal controls and operating efficiency.

### **ANNIE E. CASEY GRANT**

During the course of our audit, we noted that **NOJI** has improved its efforts in meeting contractual requirements of the Annie E. Casey Grant, however, it continues to fall below its quarterly enrollment, placement and graduation milestones for the manufacturing, construction and healthcare job training programs funded by the Annie E. Casey Grant.

Additionally, during the course of our test work, we also noted differences between the number of actual enrollments, placements and graduations as reported on the quarterly progress reports submitted the Annie E. Casey Foundation and the numbers indicated in **NOJI's** data base. Our discussions with **NOJI** personnel indicated that the data base used to accumulate the actual enrollments, placements and graduations does not readily facilitate identification of the specific participants enrolled, placed and graduated.

Our review of correspondence from the Annie E. Casey Foundation, (the Foundation) indicated that the Foundation does not consider previous years' noncompliance to be a barrier to future funding, however, continued non-performance may result in reductions to future funding.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

**ANNIE E. CASEY GRANT, CONTINUED**

**Recommendation**

We again recommend that **NOJI** continue to increase its efforts to comply with stipulated grant requirements and update its data base to accurately account for and report enrollments, placements and graduations to comply with grant requirements and to prevent reductions in future funding.

**NET DEFICITS**

**NOJI** incurred changes in net deficits of (\$91,573) and (\$213,277) for the years ended March 31, 2002 and 2001, respectively and at March 31, 2002 and 2001 has net deficits of (\$121,364) and (\$29,791), respectively.

**Recommendation**

We again recommend that management implement the necessary budgetary controls to monitor spending and reduce future increases in net deficits and eliminate net deficits.

**INDEPENDENT AUDITORS' COMMENTS TO MANAGEMENT**  
**(CONTINUED)**

**STATUS OF PRIOR YEAR COMMENTS**

	<u>Resolved</u>	<u>Unresolved</u>
Record retention	X	
Invoice cancellation	X	
Timely submission of audit report	X	
Net deficits		X

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This letter does not affect our report dated July 12, 2002 on the financial statements of **NOJI**.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various **NOJI** personnel, and we will be pleased to discussed these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

July 12, 2002

# New Orleans Jobs Initiative

1240 North Claiborne Avenue New Orleans, Louisiana 70116

Phone: (504) 529-2600

FAX: (504) 529-7225

## Board of Directors

**Barbara Waller, Chair**  
Laitram Machine Shop

**Alden J. McDonald, Vice Chair**  
Liberty Bank and Trust

**Cynthia Wiggins, Secretary**  
Citywide Tenants Association

**Ben Johnson, Treasurer**  
Greater New Orleans Foundation

**Sr. Anthony Barczykowski, DC**  
Archdiocese of New Orleans

**John D. Church, Jr. FACHE**  
Veterans Affairs Medical Center

**Michael Cowan, PhD**  
Lindy Boggs Literacy Center

**Donald W. Doyle**  
Gheens Foundation

**Ronald French, MD**  
Metropolitan Area Committee

**Larry Gibbs**  
Gibbs Construction

**Thomas Jones, III**  
Boomtown Casino Westbank

**Mary Joseph**  
Office of Family Support

**J. Terence Kelly, EdD**  
Delgado Community College

**Margaret Montgomery, PhD**  
Delgado Community College

**Edward M. Morris, Esq.**  
Jeremiah Group

**Newton Muhammad, JD LL.M**  
CPA  
Muhammad & Savoie Law Office

**Angela St. Hill**  
Jeremiah Group

**Lee Crean**  
Chief Executive Officer

## PLAN OF CORRECTIVE ACTION

Year ended March 31, 2002

### ANNIE E. CASEY FOUNDATION

The organization is revising its information systems to improve the organization's ability to track participants and to provide timely information to management and grantors regarding performance and participant issues.

The organization is also addressing the achievement of milestones contained in the grant from the Annie E. Casey Foundation and anticipates meeting them in the future. The Board of Directors has established a Program Committee which meets frequently with staff to provide oversight and recommendations towards that end.

### Net Asset Deficits:

The organization has strengthened its budgetary controls to prevent future deficits. The Executive and Finance Committees of the Board of Directors now meet jointly, each month, with the Chief Executive Officer and appropriate staff to review budgets, current financial statements and other pertinent information for the purpose of aggressive oversight of these matters.



C. Lee Crean, CEO



# New Orleans Jobs Initiative

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Lee Crean  
Chief Executive Officer

## PLAN OF CORRECTIVE ACTION

Year ended March 31, 2002

### Findings 02-01- COST ALLOCATION

The organization has adopted a policy of weekly reports of time and activities in sufficient detail to support the allocation of costs to federal programs. This procedure was begun in November of 2001. Management considers the problem corrected.

### Finding 02-02 -- PERSONNEL COSTS

The organization has adopted a policy of weekly reports of time and activities in sufficient detail to support the allocation of costs to federal programs. This procedure was begun in November of 2001. Management considers the problem corrected.



C. Lee Crean, CEO